

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION
Central Arizona Project
Pacific Northwest-Pacific Southwest Intertie Project
Parker-Davis Project**

UNRESERVED USE PENALTIES

Effective

The first day of the first full billing period beginning on or after October 1, 2016, and will remain in effect through September 30, 2021, or until superseded.

Applicable

Unreserved use occurs when a customer uses transmission service it has not reserved or uses transmission service in excess of its reserved capacity. Unreserved use may also include a transmission customer's failure to curtail transmission when requested. The transmission customer shall compensate the Federal Transmission Service Providers (TSP) each month for any unreserved use of the transmission system.

Penalty Rate

The charge for a transmission customer that engages in unreserved use is two times the maximum allowable firm point-to-point transmission rate for the service at issue, assessed as follows:

- (1) The penalty for one instance in a single hour is based on the daily rate;
- (2) The penalty for more than one instance for any given duration (e.g., daily) increases to the next longest duration (e.g., weekly).

A transmission customer that exceeds its reserved capacity at any point of receipt or point of delivery, or a customer that uses transmission service at a point of receipt or point of delivery that it has not reserved, is required to pay for all ancillary services provided by the Federal TSP and associated with the unreserved use. The customer will pay for ancillary services based on the amount of transmission service it used and did not reserve.